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## **OLR Bill Analysis**

**sSB 199 (File 63, as amended by Senate "A")\***

### ***AN ACT CONCERNING LONG-TERM CARE INSURANCE PREMIUM RATE INCREASES.***

#### **SUMMARY:**

This bill requires long-term care (LTC) insurance policy issuers (carriers) to spread premium rate increases of 20% or more over at least three years. It also requires LTC carriers to notify individual policyholders and group certificate holders of (1) a premium rate increase and (2) the option of reducing benefits to reduce the premium rate.

\*Senate Amendment "A" revises the wording of the benefit reduction option notice and makes technical changes.

EFFECTIVE DATE: October 1, 2014

#### **LONG-TERM CARE PREMIUM INCREASES**

##### ***Periodic Rate Increase***

The bill requires an LTC carrier, including an insurer, fraternal benefit society, health or medical service corporation, or health care center, that files with the insurance commissioner a rate filing that increases LTC policy premiums by 20% or more to spread the increase over a period of at least three years. The carrier must use a periodic rate increase actuarially equivalent to a single rate increase and a current interest rate for the period chosen.

##### ***Notification of Premium Increase and Benefit Reduction Option***

The bill requires an LTC carrier, before implementing a premium rate increase, to notify its policyholders (for individual policies) and certificate holders (for group policies) of the (1) rate increase, and (2) option of reducing policy benefits to reduce the premium rate. The notice must describe the optional policy benefit reductions. Premium

rates for benefit reductions must be based on the new premium rate schedule.

The bill requires an LTC carrier to give policyholders and certificate holders at least 30 days to elect reduced policy benefits. The notice must state that, if a policyholder or certificate holder fails to elect reduced policy benefits within the given time period and does not cancel the coverage, he or she is deemed to have elected to retain the existing policy benefits. (In this case, the premium rate increase will become effective.)

### **COMMITTEE ACTION**

Insurance and Real Estate Committee

Joint Favorable

Yea 19 Nay 0 (03/06/2014)